

Board Meeting Minutes  
November 7, 2017

Present via teleconference were:

Doug La Follette, Commissioner	Secretary of State
Matt Adamczyk, Commissioner	State Treasurer
Brad Schimel, Board Chair	Attorney General
Jonathan Barry, Executive Secretary	Board of Commissioners of Public Lands
Tom German, Deputy Secretary	Board of Commissioners of Public Lands
Richard Sneider, Loan Analyst and Chief Investment Officer	Board of Commissioners of Public Lands

**ITEM 1. CALL TO ORDER**

Board Chair Schimel called the meeting to order at 2:00 p.m.

**ITEM 2. APPROVE MINUTES – OCTOBER 17, 2017**

**MOTION:** Commissioner La Follette moved to approve the minutes; Board Chair Schimel seconded the motion.

**DISCUSSION:** None.

**VOTE:** The motion passed 3-0.

**ITEM 3. APPROVE LOANS**

Executive Secretary Barry reported that the loans had been reviewed for proper public purpose.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Beloit Rock County Application #: 02018052 Purpose: Finance sewer project	Town Rate: 3.00% Term: 2 years	General Obligation	\$6,000,000.00
2. Combined Locks Outagamie County Application #: 02018062 Purpose: Finance road projects	Village Rate: 3.00% Term: 5 years	General Obligation	\$300,000.00
3. Combined Locks Outagamie County Application #: 02018063 Purpose: Refinance WRS prior service pension liability	Village Rate: 3.00% Term: 5 years	General Obligation	\$200,000.00
4. Cutler Juneau County Application #: 02018056 Purpose: Finance bridge project	Town Rate: 3.50% Term: 10 years	General Obligation	\$250,000.00

5.	Fennimore Grant County Application #: 02018058 Purpose: Finance TID property acquisition and development	City Rate: 4.00% Term: 20 years	General Obligation	\$407,000.00
6.	Kiel Calumet and Manitowoc Counties Application #: 02018053 Purpose: Finance TID #4 development incentive	City Rate: 3.50% Term: 10 years	General Obligation	\$300,000.00
7.	Lake Mills Jefferson County Application #: 02018059 Purpose: Finance road projects	Town Rate: 3.00% Term: 2 years	General Obligation	\$276,575.00
8.	Manawa Waupaca County Application #: 02018054 Purpose: Finance tax settlement	City Rate: 4.00% Term: 15 years	General Obligation	\$238,458.38
9.	Mount Morris Waushara County Application #: 02018055 Purpose: Purchase tractor and accessories	Town Rate: 3.50% Term: 10 years	General Obligation	\$110,000.00
10.	Valders Manitowoc County Application #: 02018057 Purpose: Finance TID land acquisition and ancillary expenses	Village Rate: 4.00% Term: 20 years	General Obligation	\$130,000.00
11.	Wayne Washington County Application #: 02018060 Purpose: Purchase tractor and boom mower	Town Rate: 3.00% Term: 5 years	General Obligation	\$110,809.12
12.	Wyocena Columbia County Application #: 02018061 Purpose: Purchase street sweeper	Village Rate: 3.00% Term: 2 years	General Obligation	\$36,000.00
		<b>TOTAL</b>		<b>\$8,358,842.50</b>

**MOTION:** Board Chair Schimel moved to approve the loans; Commissioner La Follette seconded the motion.

**DISCUSSION:** None.

**VOTE:** The motion passed 2-1. Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk voted no.

#### **ITEM 4. DISCUSSION OF POTENTIAL VOTE ON ADOPTING A BOARD POLICY REGARDING ACCEPTANCE OF APPLICATIONS FOR STATE TRUST FUND LOANS FOR SCHOOL ENERGY EFFICIENCY PROJECTS**

Board Chair Schimel explained that language included in the Governor's 2017-2019 budget veto document would suspend a school district's ability to borrow funds to exceed revenue limits for energy efficiency projects without first passing a referendum. The change would be effective January 1, 2018. Staff would like the Board to adopt a policy on this matter should loan applications for this purpose be received before the effective date.

Executive Secretary Barry noted that it was unlikely that loans for this purpose would be received given the timelines involved (i.e., a school district passing such a resolution and BCPL processing/approving the loan before January 1). Commissioner Adamczyk noted that approximately only six weeks remain until the effective date and other financing options are available to school districts.

Commissioner La Follette asked for clarification on the timeline. Deputy Secretary German replied that as long as a school district passes the resolution to borrow before January 1, the loan paperwork could be processed and brought before the Board for consideration after that date. Board Chair Schimel agreed with Deputy Secretary German's assessment. He added that while he voted in favor of such loans in the past, the legislative intent is now clear. Commissioner La Follette felt the board's policy regarding the consideration of these loans should not change until the effective date of January 1. Commissioner Adamczyk expressed concern that a multitude of energy efficiency loans could be received in December, which he would vote against should that happen.

Commissioner La Follette inquired about the legality of the Board denying a properly executed loan that met the definition of public purpose. Deputy Secretary German replied that in the past the Board adopted policies placed dollar limits on certain categories of loans. Commissioner La Follette felt the board should continue accepting these loans under the current law.

**MOTION:** Commissioner La Follette moved that the Board continue its current policy through the end of 2017 of considering energy efficiency loans for approval if the loan meets the definition of proper public purpose and has been properly executed. The motion failed for lack of a second.

**DISCUSSION:** Commissioner Adamczyk said the Board should no longer accept energy efficiency loans and alert school districts of the change. This would allow a school district to finance the borrowing through another entity. Commissioner La Follette reiterated his argument that loans of this nature should be accepted under current law and asked Board Chair Schimel his opinion. Board Chair Schimel replied that there "is the letter of the law and the spirit of the law and it's clear that the spirit of the Legislature and the Governor is that these loans no longer be available." Commissioner La Follette emphasized that the law takes effect on January 1.

Executive Secretary Barry said that at least one school district has contacted staff inquiring whether the Board will approve energy efficiency loans before the end of 2017. His recommendation is that these loans not be accepted due to funding of future projects/investments and processing time constraints. Board Chair Schimel acknowledged that Commissioner La Follette's argument regarding the rule of the law was compelling, but he was also concerned that a rush of these types of loans could deplete funds available for other projects.

**MOTION:** Commissioner Adamczyk moved to adopt a board policy to decline acceptance of State Trust Fund Loan applications for school energy efficiency project for the remainder of 2017; Board Chair Schimel seconded the motion.

**DISCUSSION:** Commissioner La Follette asked that his strong objection to this policy be made a part of the Board's record and he would be voting no. He felt that the Board is "slamming the door in the face of the people who elected us across the state." He hoped that they [the people] would protest this strongly.

**VOTE:** The motion passed 2-1. Commissioner Adamczyk and Board Chair Schimel voted aye; Commissioner La Follette voted no.

## ITEM 5. FUTURE AGENDA ITEMS

None.

## ITEM 6. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry reported that staff recently invested \$30 million in Treasury Inflation Protected Securities (TIPS). Mr. Sneider added that the investment was held for six weeks and generated an \$800,000 profit when the bonds were sold. While staff look for value when making long-term investments, they also take advantage of short-term gains that will increase the annual distribution to the beneficiaries. Board Chair Schimel commended Mr. Sneider.

## ITEM 7. ADJOURN

**MOTION:** Board Chair Schimel moved to adjourn; Commissioner Adamczyk seconded the motion.

The meeting adjourned at approximately 2:40 p.m.



Jonathan B. Barry, Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim.  
Link to audio recording: [ftp://doafpt1380.wi.gov/doadocs/BCPL/2017-11-07\\_BCPL-BoardMtgRecording.mp3](ftp://doafpt1380.wi.gov/doadocs/BCPL/2017-11-07_BCPL-BoardMtgRecording.mp3)